

## THE ASSESSMENT OF MANAGERIAL STAFF IN COMPETENCE MANAGEMENT SYSTEM IN ENTERPRISES

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**Summary:** The increasing impact of such phenomena as competition, economic globalization, the complexity and flexibility of structural solutions, the informatization of labour and communication processes in the context of developing and disseminating the theories related to the management of knowledge, intellectual and human capital, competences and talent management leads to the acceptance of the thesis (by theoreticians and practitioners alike) which states that apart from the commonly recognised functions performed by company employees, corporate effectiveness is affected by managerial staff.

The above processes lead to greater requirements related to corporate management methods as well as to the qualifications of managerial staff members. Executive skills, understood as the manager's personality, knowledge, qualifications and attitudes, enhance the corporate behaviour, which is prerequisite to effective, efficient and ethical management. Managerial skills understood in this way, apart from other internal and external factors determine the company's effectiveness and constitute a source of its competitive advantage. The process of developing such skills should be compatible with the company's expansion trends. Companies operating in a dynamic environment need creative managers who are ready to face new challenges and develop their skills. Therefore, the level of executive skills should be analysed on a regular basis.

The objective of this article is to present the role of evaluation of managerial staff in competence management system in enterprises, and in particular, an indication of the assessment function of the managerial competences and Human Resources processes based on the results of this assessment.

**Keywords:** assessment system, managerial staff competence, competence management system

### 1. THE IDEA OF THE ASSESSMENT SYSTEM OF MANAGERIAL STAFF COMPETENCE

Managerial staff competence, as a dynamic structure they change (Levy–Leboyer 1997, p. 8). However, it should be noted that the direction of these changes may not always be positive, indicating the development of competence. There may also occur the negative direction of changes, which entails obsolescence of competence, which results in a significant reduction in the efficiency and effectiveness of management, impeding the implementation of the current objectives of the enterprise, as well as preventing its development, creation of innovation and in consequence constituting a barrier to improve competitive position.

The incompetence of managers, resulting from ignorance, lack of experience in business management, causes inefficiency in their operations, resulting in a failure to make the right decision at the right time or consent to carry out the missed investment. Incompetence of manager also causes fear of losing jobs and connected with it aversion to risk, which is reflected in the tendency to implement conservation measures, selecting of proven – safe solutions, avoiding difficulties, experiment with innovations, adoption of new ideas, in order to minimize the negative (difficult to predict) effects of his/her decisions.

Overcoming of indicated barriers leads to the elimination of competence gap, through the identification and evaluation of managerial competence level, followed by the demarcation of directions and methods of their improvement is the essence of the problem of assessing the competence of management, which seems to be important in terms of both modern management theory and practices of companies.

Therefore, the level of managerial staff competence should be systematically diagnosed. Identification of the current level of competence and determination of the probable direction of change can be determined by a competence assessment system for managerial staff. This system can be defined as a system deliberately targeted, internally organized and mutually consistent elements, recognized as appropriate from the perspective of organizational strategy, enabling it to structure and formalize action in order to give a value judgment about the competence of management and ensure the constancy in the process of assessment of competence and in the same time contributing to effective management over managers' competence in the company.

## **2. THE FUNCTIONS OF MANAGEMENT'S COMPETENCY ASSESSMENT**

Assessment constitutes a value judgment of something expressed in the oral or written form. However, the assessment is the issuing of opinions about someone or something, expressing of value judgment for someone or somebody. Czubasiecz, based on conceptual analysis from the perspective of different disciplines (psychology, philosophy, HR management), states that the assessment can be characterized by the following features. It is a value judgment, is universal, has a strong relationship with cognition – it enables to explore the world and exploit knowledge to shape our behaviour, it is a source of knowledge about ourselves, about how we are perceived, as compared to others; is utilitarian in nature, and therefore, it requires justification, a statement with a reference point; is closely linked with emotions, is rooted in emotions, evokes emotion, by itself is neither true nor false, the terms of assessment and evaluator's intentions decide on that (Czubasiecz 2005, p.21).

In a common perception the assessment plays evaluative and developmental functions (Kostera 1996, p. 70; Filipowicz 2004, p. 127). The evaluative function consists of such activities as: assessing the level of work, its quality, determination of the suitability degree for the given post. The results of this assessment can be used to shape the salary, to change the employment structure (transfer, demotion, promotion, dismissal), and to evaluate the effectiveness of recruitment system.

The developmental function of evaluation should be considered in terms of an assessment of the development potential of a manager, knowledge and skills and progress in this range. Developmental function of assessment is a source of motivation by providing feedback on the positive and negative aspects of the performance of the employee, on this basis also allows to plan the development of particular employee. The criteria for evaluation are an important factor affecting the changes in employees' attitudes, ensure that the desired standards and principles are met, which favors the formation of organizational culture. Filipowicz also isolated business function of evaluations, which manifests itself at the time of planning on the basis of evaluations' results of competency resource development required to achieve the organization's business goals (Filipowicz 2004, p. 128).

The competency assessment system plays also a function of pro-innovation, due to the release of innovative attitude in the managers by interaction of the system on the following managers' behaviours: increase of a motivation, raise of self-estimation, increase of courage to take a non-routine job on a given post. This forces the appropriate design of those elements of the competence assessment system that can directly affect the desired behaviour of management.

### **3. PLACE OF ASSESSMENT IN THE PROCESS OF MANAGERIAL COMPETENCE MANAGEMENT**

Human resource management based on competency means that the competencies are the basis for the functioning of the entire system of human resource management. Competencies are the decisive factor for the processes of recruitment, selection, adaptation, development, evaluation and reward (Dubois and Rothwell 2008, p. 53). Competencies are a tool, which integrate all HR processes, which leads to the consistent implementation and growth of synergies effects in personnel actions. Competencies are the foundation of the whole system of human resource management, precisely directing all HR processes on the implementation strategy of the organization, thus gaining or maintaining a strong competitive position by constant improvement of the quality level and innovation of offered products and level of customer service.

Use of a competence model in human resource management system leads to a number of integrated cooperative targets, which include (Oleksyn 2006, p. 189; Rostkowski and Szczęśna, 2003, p. 5-6):

- integration of HRM tools by basing them on the same elements – competence,
- creating an effective system of reporting of human resource situation in the organization, in order to suit the competence of employees to the needs of the organization,
- test of real competence of employees and job applicants in terms of selection for the work,
- optimizing the ratio of investment in staff development against the effects;
- preparation of employees to meet current or future jobs;
- building of transparent professional development paths;
- easier introduction of organizational transformations and increase of the organization's ability to respond quickly to new market demands by increase of the staff flexibility,
- increase of the satisfaction level of employees and their position on the labor market;
- increase of the organization value by increasing the value of human capital.

Based on human resources management system on competence requires the development of competence model, which takes into account the specificities of the company, and then adapt the model to the needs of individual HR processes.

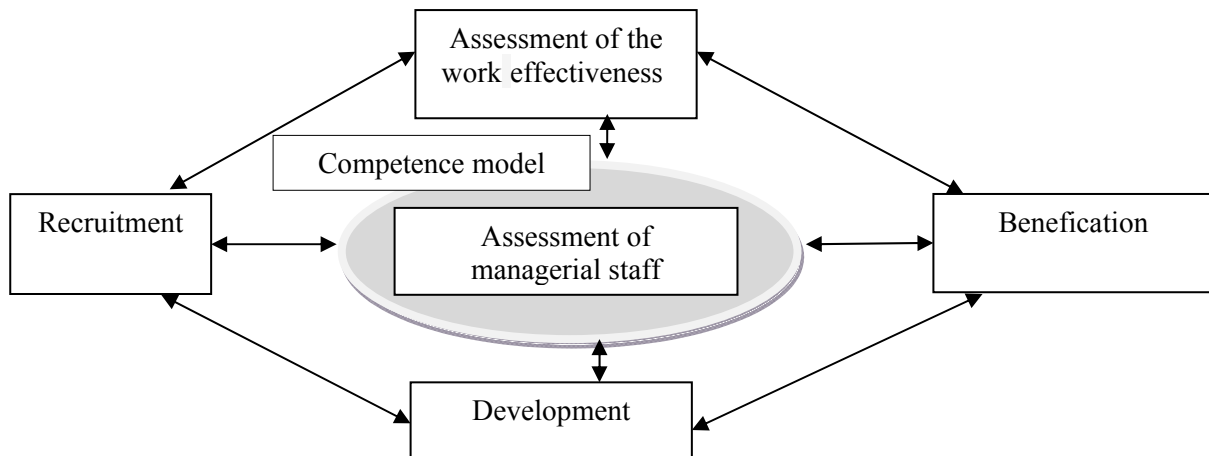
It should be noted, that the successful implementation of HR processes, forces their reliance on the results of the assessment process. The process of the competence assessment is a central element of a competence management system, it also integrates with each element of the other HR processes (Figure 1). The results of the assessment process can help to identify those areas where there should take place development or improvement of the competence of the manager, provide the basis for decisions about promotion, or are used to determine an appropriate salary.

In the evaluation process a competence model is a standard reference system, to which are compared real - actual competence of managers. From the results of this comparison depend:

- the employment opportunities of the best managers within the organization, i.e. those whose current level of competence coincides the most with the exemplary level of competence,
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- career paths, including decisions about promotions, determination of directions of development of competence in order to match current and future needs of the organization,

- the development of appropriate wage relationships, and consequently the amount of fixed and mobile components of received remuneration.

**Figure1. Place of assessment in the management system over managerial staff competence**



*Source: own elaboration*

The reliance of all HR processes on the results of the same action increases the interdependencies between them, and clearly sets the direction for the development of management competencies in accordance with the current and future objectives of the organization and market requirements.

### 3.1. RECRUITMENT PROCESS

In the recruitment process competence system allows for the employment of manager, selected basing on an assessment of competence carried out in terms of future roles and responsibilities. The candidate is perceived as real or potential "carrier" of competence desirable to carry out tasks on a given position (Filipowicz 2004, p. 108). The result of the recruitment process is a selection of a candidate who is able to demonstrate that he/she can achieve the required results at work and can do so in a manner deemed appropriate by the organization. Competencies are becoming a standard reference system that allows you to determine the degree of convergence of the actions and behaviour of candidates with exemplary behaviour described in the competence model (Whiddett and Hollyforde 2003, p. 208).

As noted by T. Oleksyn between the competencies possessed and expected there can be three types of relationships: the candidates have the capacity to meet accurately the needs, below expectations or far exceeding the specified level of requirements. The best solution in terms of recruitment is to select those whose level of competence exactly meets expectations, or those whose level of competence is slightly lower than required. This creates a stronger incentive to develop and improve their competence, than in the case, when competencies far exceed established requirements (Oleksyn 1997, p. 47).

The implementation of the recruitment process based on competencies requires to develop competency models for managerial positions. Behavioural assessment criteria that are competencies used in the recruitment process indicate which behaviour determine effective work on managerial positions. Then, with a use of the tools ensuring that the assessed person can cope with the tasks assigned to the position there is applied a diagnosis of competence

possessed by candidates applying for a particular jobs. Successful implementation of the recruitment process based on competence requires a variety of recruitment tools. Analysis of the application documents and interview is treated as a pre-selection stage, which begins the entire procedure. In examining the candidate's suitability and possessed competence there are applied the following methods: the behavioural interview, psychological and competency tests, allowing to develop a personality profile of the candidate and his/her professional skills. In addition, there are used the situational tests and tasks, as well as the *assessment center* method which enables to assess the candidate's skills in carrying out activities specific to the particular job (Moczyłowska, 2008, p. 143). The final recruitment is based on a comparison of competence profile possessed by the candidates, determined on the basis of various sources of information, with the exemplary competence profile desired on a given position.

Summarizing, to the benefits resulting from the reliance of recruitment on competence one may include (Wood and Payne, 2006, p. 35):

- obtainment of more accurate assessment of capacity of the candidate and his/her suitability for a specific workstation, providing of a better match between skills and interests of the candidate to the requirements of the job;
- possibility to extract skills and attributes in the candidate profile, which facilitates the adjustment of candidate's development plans to its real needs, while avoiding the issuance by the evaluators rash judgments about the candidates and evaluating them based on features that are not relevant to the workplace;
- use of various recruiting tools, such as application forms, interviews, tests, *assessment center*.

### **3.2. PROCESS OF EFFECTIVENESS' ASSESSMENT**

Basing the effectiveness' evaluation process on competence provides information on degree of use of possessed competence in achieving the goals and tasks, and allows to assess the quality of activities performed by managers. At the same time as the best managers are considered to be those who achieve the objectives desired by the company while they do it in a manner consistent with existing labor standards and adopted system of values. Therefore, Hollyforde and Whiddett postulate that the evaluation process should be based not only on competence, thus on behavioural criteria (reporting on how the tasks and objectives are fulfilled), but also taking into account the effectiveness criteria and analysis of factors affecting the level of work effects achieved (Hollyforde and Whiddett, 2003, p. 147-148).

In the process of assessing the information about the behaviour, actions and outcomes of work performed by managers, which serve to assess the competence, one may derive it from many sources, for example: from subordinates, colleagues, superiors and customers and by using different methods: competency models, management by objectives and performance, the Balanced Scorecard, a code of ethics. Then, deepen analysis of obtained information on the results and quality of work requires hard discussion with the manager not only about what he/she achieved, but also about what impact on the results had different external factors, such as personal or organizational. Moreover, the formulation of a fair and equitable assessment based on competence requires the ability to link the identified behaviour with the competence models, then a proper interpretation of obtained results.

### **3.3. THE REMUNERATION PROCESS**

The consequence of the development of human resource management based on competence is a better link between remuneration and competence. In this situation, one of the main

determinants of wage levels, in addition to the occupied management level and the effectiveness of performed task is the degree of competence adoption (Filipowicz, 2004, p. 170-172). Borkowska presents a broad matter of the relationship between competence and compensation system. The author identifies five methods of competence-wage linkages: competence, as a basis for job evaluation, classification of personal competence, target remuneration rates, pay rise dependent on achieved behavioural objectives, wage increases dependent on changes in the assessed level of competence (Borkowska, 2004, p. 299-303). Analysis of the mentioned methods of competence-wage linkages indicates that the results of the assessment of competence may constitute the basis for the development of fixed and mobile parts of salaries, which may serve to determine the relationship and decide on the amount of premium.

The main way to determine the proper relationships within the basic salary between job positions is a job evaluation, which can be replaced by a valuation of competence. However, the goals of evaluating the competence remain the same as the objectives of job evaluation, namely to serve to determine the proper wage relationship. The evaluation procedure are also close to.

However, Ziębicki identifies four key differences between valuation of position and valuation of competence (Ziębicki, 2006, p. 571-572):

- 1) the assessment range- in the case of position evaluation there is assessed the difficulty of work, which consists of the requirements and burdens associated with it. However, in evaluating the competence, the assessed objects are only owned skills and personal characteristics of employees. This is reflected above all in the selection of assessment criteria;
- 2) the assessment nature- in the traditional approach the subject of evaluation are job positions (static valuation), and in evaluating the competence, the assessment relates to the actual characteristics of individual employees (dynamic valuation);
- 3) the manner how to define the criteria - in the selection of competence evaluation criteria there is quite high flexibility, which means that every time there is created a set of distinct criteria, which constitute an attempt to adjust them to the held strategy and business development goals. Analytical job evaluation is based on using a highly standardized criteria, which are the subject of many practical applications;
- 4) number of classification criteria – in the pay charts which are created based on the analytical job evaluation generally exists a considerable number of classification (from 14 to 17 in the case of large organizations), designating a hierarchy of positions, with a low wage brackets span. Pay charts projected on bases of results of competence evaluation tend to have significantly reduced number of classification categories and with high wage brackets span. The advantage of such solution is very high flexibility of the remuneration of individual workers. In general, supervisors have unlimited opportunities to raise salaries of top staff members - who enhance their skills, gaining better results.

The preservice of rationality of remuneration system used which is based on competencies requires in case of managers the use of different methods of shaping the internal structure of remuneration. It seems that the best manner which takes into account the specificity of hiring managers is a determination of the amount of basic salary under management or directorial contracts, while the level of the movable part of remuneration depending on the work should be established by using a competency assessment based on competence model and management techniques, by objectives and the strategic scorecard.

### **3.4.THE DEVELOPMENT PROCESS**

The purpose of management development process based on competence is to achieve a state in which the competence of managers will match the current and potential needs of both the company and manager. The connection of the development activities with competence is carried out in three stages: 1) diagnosis of developmental needs – identified competence gaps, 2) implementation of the improvement process – minimization of the competence gap (by modifying the exemplary model of competence, the development of real competence or harmonization of real competence with the exemplary one) (Pocztowski and Miś, 2000, p. 7), 3) evolution of effectiveness and efficiency of undertaken development activities.

Basing the development process on competence makes it possible to precisely define training needs strict selection of training issues, which guarantees the acquisition of those skills that are needed to fully acquire the required competencies. In turn the assessment of the effectiveness of undertaken development activities conducted with a use of the models and competency profiles allows for the precise measurement of changes in behaviour, skills, attitudes and knowledge of managers.

However, as rightly observed by Ziębicki the use of common methods for competence improvement is usually temporal and is implemented in the form of external training and as a result of low efficiency. Significantly, better results are achieved through continuous processes of worker's improvement, combined with the current implementation of tasks (Ziębicki, 2006, p. 569). This approach requires the use of modern methods of improvement, which belong to the coaching and mentoring.

Competence management is a useful tool for planning career paths and creating lists of successors (Filipowicz, 2004, p. 155-170). The competence management system allows to start the process of building a career already during the recruitment, especially if the person has some competence excess, which may indicate his/her suitability to take certain positions, sometimes other than those for which they initially applied for. Elaboration of competency models for all positions in the company can identify the relationship between them, for the required range of knowledge, skills and attitudes and leads to the determination of the succession line. While the diagnosis of the level of competence of potential successors allows telling who is ready to take new positions, and who requires additional development activities. It is similar in case of promotion planning. The implementation of solutions system helps to determine the best candidate for promotion to the particular post, the degree of readiness for promotion, as well as the current level of their competence.

### **4. CONCLUSION**

Summarizing, to the above-mentioned considerations, one may add that the implementation of the assessment system into company's practice requires identification of its core competence, strategy and organizational culture. In light of these findings, it is possible to develop a competency model for management positions and the appointment of the assessment criteria of particular competence specified in the model. Next step of implementation process is associated with conducting the audit of the competence and determination of level of aggregate assessment of competency for each manager who is evaluated. Subsequently, the audit results should be analyzed in detail, leading up to the objective personnel decisions.

It should be emphasized that the implementation of a managerial competence assessment system into the firm's practice is to obtain tangible benefits. The system provides identification of the level of compliance by the management of competencies essential for the efficient, effective and ethical business processes. The results of the system will serve to the

proper implementation of HR processes, the precise definition of the developmental needs of individual managers, insurance of objective decisions in the areas of recruitment, match of training, bonus, promotion or dismissal of managers. Moreover, the system will improve the awareness of managers in terms of expectations laid against their behaviour and qualification by indication of the information on the level of competence gap. These activities will contribute to increase of the motivation of managers to further self-development in the context of corporate objectives and individual needs of executives.

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